

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**EAST CENTRAL
INTERGOVERNMENTAL ASSOCIATION
DUBUQUE, IOWA**

JUNE 30, 2008

T A B L E O F C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	7
STATEMENT OF ACTIVITIES	8
BALANCE SHEET - GOVERNMENTAL FUNDS	9
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NETS ASSETS	10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
NOTES TO FINANCIAL STATEMENTS	14
SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	27
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROGRAM - GENERAL FUND	29
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES AND COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND	31
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WORKFORCE INVESTMENT ACT (WIA)	33
BALANCE SHEET - BY CONTRACT - WORKFORCE INVESTMENT ACT (WIA)	34
STATEMENT OF REVENUES AND EXPENDITURES - WORKFORCE INVESTMENT ACT (WIA)	35
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	36
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	38
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42

The logo for TOSTRUD & TEMP, S.C. features a stylized 'T' and 'E' in a bold, black, sans-serif font. The 'T' is on the left and the 'E' is on the right, with a diagonal line running through the center of the 'T' and the 'E'. The text 'TOSTRUD' is positioned above the 'T' and '&' is positioned between the 'T' and the 'E'.

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Your Business Safety Net

INDEPENDENT AUDITOR'S REPORT

Council Members
East Central Intergovernmental
Association
Dubuque, Iowa 52005

We have audited the accompanying basic financial statements of the East Central Intergovernmental Association as of June 30, 2008, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Central Intergovernmental Association as of June 30, 2008, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 5.9 and pages 27 through 28 and page 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Central Intergovernmental Association's basic financial statements. The schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as well as the schedule of expenditures of state financial assistance and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Central Intergovernmental Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 2008 on our consideration of East Central Intergovernmental Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Foster and Temp, J. C.

October 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

The East Central Intergovernmental Association (ECIA) is a membership supported organization of local governmental bodies in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties in eastern Iowa. The purpose of ECIA is to provide management and technical assistance to local government staff and elected officials.

ECIA exists because of a need for local governments facing similar problems to cooperate in finding solutions. This cooperative effort, through ECIA membership, provides greater resources to local governments than they would be able to afford individually. The sharing of resources and discussion of common concerns vastly improves the quality and consistency of solutions to local and regional problems. Costs are held at a level that allows all local governments in the region to participate. ECIA strives to provide "A Regional Response to Local Needs."

As management of ECIA, we offer the readers of ECIA's financial statements this narrative overview and analysis of the financial activities of ECIA for the year ended June 30, 2008. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by ECIA). The financial statements do not include ECIA Business Growth, Inc., the Eastern Iowa Regional Utility Service Systems (EIRUSS), the Eastern Iowa Regional Housing Authority (EIRHA) or the Delaware, Dubuque and Jackson County Regional Transit Authority (RTA), which have been formed as separate and distinct entities.

We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis. This report complies with the Governmental Accounting Standards Board (GASB) Statement 34 reporting model.

Fiscal Year 2008 was a year of building for ECIA. Beginning in late July, 2007 the ECIA Council and the RTA Board of Directors embarked on a journey to construct a joint ECIA and RTA office building and bus storage maintenance garage. This project will sustain both entities long into the future and is an investment into our community and services we provide.

Construction of the facility began in January, 2008. In spite of the worst winter on record, with over 72" of snow, followed by record spring rainfall and severe flooding, the project was completed in seven months. The total project cost came in within budget at \$2.3 million and was funded by the State of Iowa Revitalize Iowa Infrastructure Fund (RIIF) and the Iowa Finance Authority economic development tax exempt bond program.

While construction was underway, the programs and services under ECIA management continued to operate as usual with no interruption. The RTA provided 181,548 rides but felt the affect on its budget with very high gasoline costs as well as maintenance and repair costs. EIRHA provided over \$2,929,046 in rental assistance in the region, assisting approximately 883 households per month. EIRUSS completed construction and began the operation of a wastewater system in Center Junction and has several other projects under construction. Transportation and planning concentrated on completing a regional trail plan and were successful in obtaining two Safe Routes to School Grants. The IA 32/Sothwest Arterial remained a focus as well as working to secure Amtrak service from Dubuque to Chicago. Employment and Training had another successful year and again met their seventeen performance standards which enables the region to receive additional State funding for client services. Prosperity Eastern Iowa remained focused on its recruitment and Buyer Supplier Connection activities. Over 80 companies are now registered and using the web site with 200 additional companies to come online in fiscal year 2009.

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

The staff at ECIA continues to remain focused on providing excellent services to our members in the region. We are thrilled to have a new home and look forward to another successful year in fiscal 2009.

FINANCIAL HIGHLIGHTS

- The assets of ECIA exceeded its liabilities at June 30, 2008 by \$328,026 (net assets). Of this amount, \$253,976 (unrestricted net assets) may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net assets decreased by 14.1%, or \$24,961, from June 30, 2007 to June 30, 2008.
- As of the close of the fiscal year, ECIA's fund balance was \$253,976, a decrease of \$67,226 in comparison with the prior year.
- Total governmental fund revenues decreased 2.3%, or approximately \$100,000, from fiscal 2007 to fiscal 2008. This was primarily due to decreased funding in the WIA programs and decreased income from general technical assistance. Total governmental fund expenditures increased 24.9%, or approximately \$1.1 million from fiscal 2007 to fiscal 2008. This was primarily due to costs related to the construction of the new ECIA/RTA joint facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to ECIA's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of ECIA's finances, in a manner similar to a private sector business. ECIA utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned, regardless of when cash is received or paid. The following statements are included in this report:

- Statement of Net Assets – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ECIA is improving or deteriorating.
- Statement of Activities – This statement is prepared on the accrual basis of accounting and presents functional expenses offset by revenue sources that are directly related.
- Balance Sheet Governmental Funds – This statement is prepared on the current financial resources measurement focus that generally only includes current assets and current liabilities.
- A reconciliation between the Balance Sheet-Governmental Funds and the Statement of Net Assets.
- Statement of Revenues, Expenditures and Changes in Fund Balance – This statement is prepared on the modified accrual basis of accounting and reports ECIA's operating revenue by major source, along with operating expenses.

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

- A reconciliation between the full accrual basis accounting statement (Statement of Activities) and the modified accrual basis statement (Statement of Revenues, Expenses and Changes in Fund Balance).
- Notes to financial statements – This section provides additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplemental Information – In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information, providing detailed information by program and by project, as well as a schedule of Federal Financial Assistance.

ANALYSIS OF NET ASSETS

As previously noted, net assets may serve over time as a useful indicator of ECIA's financial position. ECIA's net assets decreased by \$24,961 from a year ago. The analysis that follows illustrates the changes in the components that make up net assets.

CONDENSED STATEMENT OF NET ASSETS

	2008	2007	NET CHANGE	PERCENT CHANGE
Cash and investments	212,353	242,331	(29,978)	(12.4)
Other Current Assets	418,892	475,299	(56,407)	(11.9)
Capital Assets	1,189,182	58,537	1,130,645	1931.5
Total Assets	1,820,427	776,167	1,044,260	134.5
Current Liabilities	410,448	411,145	(697)	(0.2)
Long-Term Liabilities	1,081,953	12,035	1,069,918	8890.1
Total Liabilities	1,492,401	423,180	1,069,221	252.7
Net Investment in Capital Assets	74,050	31,785	42,265	133.0
Unrestricted	253,976	321,202	(67,226)	(20.9)
Total Net Assets	328,026	352,987	(24,961)	(7.1)

Total assets increased by 134.5%, from \$776,167 in FY 2007 to \$1,820,427 in FY 2008. This increase was attributable to the purchase of Land for the new facility in the amount of \$383,506 and Construction in Progress totaling \$763,120.

Cash decreased by \$29,978, primarily due to the timing of the payment of outstanding invoices at yearend as well as the investment of cash into the building project. Accounts & Grants Receivable decreased from \$412,831 in FY 2007 to \$369,573 in FY 2008 primarily due to charges related to decreased agency service billings. Prepaid Expenses decreased by \$13,149 primarily due to a decrease of \$10,000 in prepaid RTA umbrella insurance paid by ECIA in FY07 versus RTA paying this expense directly in FY 08 and a decrease in prepaid conference expense from FY 07 to FY 08.

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

ANALYSIS OF NET ASSETS - CONTINUED

Capital assets increased \$1.1 million in FY 2008 due to the purchase of land and the construction of the new ECIA facility.

Current liabilities decreased from \$411,145 in FY2007 to \$410,448 in FY2008. The long-term liability line item reflects the loans for the purchase of a 2005 Chevrolet Impala during FY06 and a 2008 Dodge Avenger in FY07 as well as the advances on the Economic Development Revenue note for the construction of the facility. Of the total outstanding balance of the loans, \$33,179 is classified as current and \$1,081,953 as long-term.

ANALYSIS OF REVENUES AND EXPENDITURES

In FY 2008 and FY 2007, total governmental fund revenues were \$4,266,868 and \$4,367,099 respectively, a decrease of \$100,231 or 2.3%. Total Expenditures for the same period increased \$1,084,448 or 24.9%. A comparison of income and expenditures is outlined in the following table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2008	2007	NET CHANGE	PERCENT CHANGE
REVENUES				
Federal	544,914	536,528	8,386	1.6
State of Iowa	80,690	101,509	(20,819)	(20.5)
State of Illinois	1,290	1,289	1	0.1
State of Wisconsin	787	787	0	0.0
Membership Fees	86,338	82,394	3,944	4.8
Fees and assessments	258,055	305,951	(47,896)	(15.7)
EIRHA	1,195,325	1,159,892	35,433	3.1
CDBG Admin	250,474	318,024	(67,550)	(21.2)
ECIA Business Growth	260,097	182,588	77,509	42.5
Workforce Investment Act	1,069,492	1,223,481	(153,989)	(12.6)
EIRUSS	75,081	54,998	20,083	36.5
RTA	442,472	397,844	44,628	11.2
Interest	1,631	1,775	(144)	(8.1)
Miscellaneous	222	39	183	469.2
Total Revenues	4,266,868	4,367,099	(100,231)	(2.3)

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

ANALYSIS OF REVENUES AND EXPENDITURES - CONTINUED

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2008	2007	NET CHANGE	PERCENT CHANGE
EXPENDITURES				
Salaries, wages and benefits	2,982,886	2,897,632	85,254	2.9
Office supplies & operating materials	38,525	41,642	(3,117)	(7.5)
Conference and training	13,959	28,170	(14,211)	(50.4)
Business travel	101,196	93,732	7,464	8.0
Printing	10,874	7,716	3,158	40.9
Equip rental and maintenance	15,559	10,444	5,115	49.0
Office maintenance	222	0	222	100.0
Insurance and bonding	67,192	66,557	635	1.0
Dues and subscriptions	15,084	15,933	(849)	(5.3)
Telephone	29,648	25,050	4,598	18.4
Postage	41,607	36,396	5,211	14.3
Rent	117,010	110,146	6,864	6.2
Property Taxes	25,680	23,861	1,819	7.6
Utilities	20,713	20,624	89	0.4
Advertising	3,061	3,091	(30)	(1.0)
Professional fees	38,057	63,771	(25,714)	(40.3)
Marketing	64,506	63,434	1,072	1.7
Equipment purchases	1,167,209	30,194	1,137,015	3765.7
Long-term debt principal	14,715	11,455	3,260	28.5
Miscellaneous	1,790	1,690	100	5.9
WIA program costs	667,696	801,203	(133,507)	(16.7)
Total Expenditures	5,437,189	4,352,741	1,084,448	24.9
Excess of Revenues over Expenditures	(1,170,321)	14,358	(1,184,679)	(8251.0)
Proceeds From Long-term Borrowing	1,103,095	16,754	1,086,341	6484.1
Proceeds From Sale of Equipment	0	3,212	(3,212)	(100.0)
Excess of Revenues and Other Financing Sources over Expend	(67,226)	34,324	(101,550)	(295.9)
Beginning Fund Balance	321,202	286,878	34,324	12.0
Ending Fund Balance	253,976	321,202	(67,226)	(20.9)

Funding received from the State of Iowa decreased by \$20,819 due to a decrease in state funding of the Collaborative Marketing campaign. Fees and assessments decreased \$47,896 due to a decrease in Asbury building code inspections, land use planning projects and codification updates. CDBG administration income decreased \$67,550 due to the decrease in grant awards in that program, resulting in the elimination of one staff position. ECIA Business Growth admin income increased \$77,509 as an additional staff person was hired to assist with the expansion of the loan program. Income from the WIA program decreased by \$153,989 due to a reduction in formula funding. Income from the administration of the EIRUSS program increased \$20,083 due to the additional sewer system projects undertaken in that program. RTA admin income increased \$44,628 due to the employment of an additional full-time dispatcher for the entire year in FY 2008 versus a half year of employment in FY 2007.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

June 30, 2008

ANALYSIS OF REVENUES AND EXPENDITURES - CONTINUED

Revenue by Funding Source for Fiscal 2008 is summarized as follows:

US Department of Housing & Urban Development	33%
US Department of Labor	11%
US Department of Transportation	10%
Special Contracts	9%
CDBG EDSA/PFSA Administration	7%
Service Fees & Assessments	7%
US Department of Health & Human Services	7%
Business Growth	7%
State (COG Assistance/Marketing Grant)	2%
Membership Fees	2%
IA Department of Natural Resources	1%
US Department of Commerce	2%
US Department of Economic Development	1%
County Funds	1%
Total	100%

The largest change in Expenditures was a \$1.1 million increase in Equipment purchases due to the construction of the new facility. Conference and training expense decreased \$14,211 due to a decrease in these activities as part of Prosperity Eastern Iowa. Printing expense increased approximately \$3,000 due to printing of brochures as well as notices regarding the agency's move to a new location. Telephone costs increased approximately \$4,600 as all cellular phones were consolidated into one contract rather than EIRHA paying for cellular service for housing staff directly. Postage expense increased \$5,200 due to increased mailings in the housing program as well as postage related to the relocation notices. Professional fees decreased approximately \$26,000. Previous year expense had been higher due to the legal fees associated with the analysis and evaluation of articles and bylaws and the redesign of the ECIA websites. Principal payments on long-term debt increased by \$3,260 due to a full year of loan payments on the 2008 Dodge Avenger purchased in the last month of the previous fiscal year. WIA program costs decreased approximately \$134,000 due to decreased formula funding available for the employment and training programs.

OVERVIEW OF BUDGETS

ECIA annually adopts a budget on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general fund and appropriations lapse at fiscal year end. Salaries and operating expenses are allocated in accordance with a pre-approved "Cost Allocation Plan."

The ECIA Council approved one budget amendment in May 2008. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$3,650,873 was increased to \$3,659,277, an increase of \$8,404.
- The original expenditure budget of \$3,617,742 was increased to \$5,002,596, an increase of \$1,384,854. This increase was primarily due to the added expense related to building construction, which is reflected in the Equipment purchases line item.

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

OVERVIEW OF BUDGETS - CONTINUED

- The budget for Conference and training expense budget was decreased by \$5,000 due to expense reductions in the Employment and Training program. The budget for printing was increased \$5,500 due to brochure printing and the cost of moving postcards. The Equipment rental and maintenance budget was decreased by \$4,600 due to lower expense than originally anticipated. Insurance was increased by \$4,000 due to the purchase of builder's risk insurance during the construction of the new facility. Telephone budget expense was increased \$3,000 due to the consolidation of the cellular phone service across the agency. The utility expense budget was decreased \$4,400 as actual costs were lower than originally anticipated despite the harsh winter. The budget for Professional fees was decreased by \$19,000. The original budget included a provision for legal fees related to the building construction which were ultimately capitalized as part of the cost of the building. Miscellaneous expense budget was decreased by \$10,000 as the expenses for the office relocation, which had been budgeted as part of this line item, were expected to be lower than originally anticipated.

RESULTS OF OPERATIONS

The operating results for the fiscal year ending June 30, 2008 reflected a net loss from operations of approximately \$40,000. While management was not pleased with these results, we have taken steps which we feel will have a positive impact in the next fiscal year. We have found that due to funding cuts in our member communities, the demand for our services for non-required projects such as land use plans has decreased. During Fiscal 2008, we continued to fund the staff position responsible for these activities through our reserves. For Fiscal 2009, we made the difficult decision to eliminate that staff position until such time as demand again increases. Any special projects in the next fiscal year will be coordinated by remaining staff.

Operating revenues were \$60,105 or 1.7% lower than budgeted. Operating expenditures were \$233,103 or 4.9% less than budgeted. This was primarily due to the fact that the completion of the building was delayed because of spring weather conditions. The final expenditures for the building, as well as related moving expenses, were not incurred until Fiscal 2009. The following table illustrates these points:

COMPARISON OF BUDGET VS. ACTUAL

	BUDGET	ACTUAL	VARIANCE	PERCENT
REVENUES				
Federal	547,368	544,914	(2,454)	(0.5)
State of Illinois	1,290	1,290	0	0.0
State of Iowa	8,824	80,690	71,866	89.1
State of Wisconsin	787	787	0	0.0
Membership Fees	86,338	86,338	0	0.0
Fees and assessments	359,578	333,136	(26,442)	(7.9)
CDBG/EDSA Admin	336,481	250,474	(86,007)	(34.3)
EIRHA	1,244,078	1,195,325	(48,753)	(4.1)
ECIA Business Growth	245,753	260,097	14,344	5.5
Workforce Investment Act	378,630	401,796	23,166	5.8
Regional Transit Authority	448,529	442,472	(6,057)	(1.4)
Interest	1,621	1,631	10	0.6
Miscellaneous	0	222	222	100.0
Total Revenues	3,659,277	3,599,172	(60,105)	(1.7)

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2008

RESULTS OF OPERATIONS - CONTINUED

EXPENDITURES

Salaries, wages and benefits	2,939,276	2,982,886	43,610	1.5
Office supplies & operating materials	44,000	38,525	(5,475)	(14.2)
Conference and training	13,000	13,959	959	6.9
Business travel	88,730	101,196	12,466	12.3
Printing	12,000	10,874	(1,126)	(10.4)
Equip rental and maint	6,400	15,559	9,159	58.9
Office maintenance	0	222	222	100.0
Insurance and bonding	68,000	67,192	(808)	(1.2)
Dues and subscriptions	19,000	15,084	(3,916)	(26.0)
Telephone	28,000	29,648	1,648	5.6
Postage	38,600	41,607	3,007	7.2
Rent, property tax & utilities	163,300	163,403	103	0.1
Advertising	3,000	3,061	61	2.0
Professional fees	46,000	38,057	(7,943)	(20.9)
Marketing	66,029	64,506	(1,523)	(2.4)
Equipment purchases	1,430,948	1,167,209	(263,739)	(22.6)
Long-term debt principal	16,313	14,715	(1,598)	(10.9)
Miscellaneous	20,000	1,790	(18,210)	(1017.3)
Total Expenditures	5,002,596	4,769,493	(233,103)	(4.9)
 Excess of Revenues over Expenditures	 (1,343,319)	 (1,170,321)	 172,998	 (14.8)
 Other Income				
Proceeds from LT Borrowing	1,400,000	1,103,095	(296,905)	(26.9)
 Excess of Revenues and Other Income Over (Under) Expenditures	 56,681	 (67,226)	 (123,907)	 184.3

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2008, ECIA had \$1,189,182 invested in capital assets (net of depreciation), including office furniture and equipment, agency vehicles and construction in progress. Total outstanding debt was \$1,115,132, which represents the outstanding balance of the Economic Development Revenue Note used to fund the building construction and the two loans used to purchase agency vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

ECIA's management and Council considered many factors when setting the fiscal year 2009 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. Membership fees will increase from \$.44 to \$.46 per capita in Fiscal 2009. The hourly billing rates for all staff will increase 3% or \$2.00 per hour in order to keep pace with cost of living increases. Increases in employee health insurance costs will continue to be a concern in the year ahead. Decreases in State and Federal funding levels will also be a concern.

As we progress into 2009, we will continue to work collaboratively, developing new and building on already successful partnerships, while the staff at ECIA remains committed to building strong and healthy communities and making our region a great place to live and work.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

June 30, 2008

FINANCIAL CONTACT

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of ECIA's finances and to show ECIA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ECIA's Executive Director or Director of Finance and Human Resources, 7600 Commerce Park, Dubuque, IA 52002.

BASIC FINANCIAL STATEMENTS

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Current assets	
Cash and investments	\$ 212,353
Accounts receivable	291,271
Grants receivable	78,302
Prepaid fees and expenses	49,319
Total current assets	<u>631,245</u>
Noncurrent assets	
Property and Equipment	
Leasehold improvements	10,299
Equipment and furniture	184,947
	<u>195,246</u>
Accumulated depreciation	<u>(152,690)</u>
	42,556
Land	383,506
Construction in process	763,120
Total noncurrent assets	<u>1,189,182</u>
Total assets	<u><u>\$ 1,820,427</u></u>
LIABILITIES	
Current liabilities	
Excess of outstanding checks over bank balance	\$ 4,353
Current portion of long-term obligations	33,179
Accounts payable	68,216
Deferred revenue	
Grants	46,365
Prepaid memberships	11,942
Accrued liabilities	
Vacation and holiday pay	154,611
Salaries and wages	32,710
Other	59,072
Total current liabilities	<u>410,448</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	<u>1,081,953</u>
Total liabilities	<u>1,492,401</u>
NET ASSETS	
Investment in capital assets, net of related debt	74,050
Unrestricted	253,976
Total net assets	<u>328,026</u>
Total liabilities and net assets	<u><u>\$ 1,820,427</u></u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Salaries, wages and fringe benefits	\$ 2,727,091	\$ 2,121,054	\$ 583,887	\$ -	\$ (22,150)
Office supplies	34,640	26,942	7,417	-	(281)
Operating materials	159	124	34	-	(1)
Conferences and training	13,290	10,337	2,845	-	(108)
Business travel	81,308	63,239	17,409	-	(660)
Printing	9,237	7,184	1,978	-	(75)
Equipment rental and maintenance	5,198	4,043	1,113	-	(42)
Office maintenance	195	152	42	-	(1)
Insurance and bonding	62,113	48,310	13,299	-	(504)
Dues and subscriptions	12,432	9,669	2,662	-	(101)
Telephone	28,439	22,119	6,089	-	(231)
Postage	37,950	29,516	8,125	-	(309)
Rent	105,352	81,940	22,557	-	(855)
Property taxes	25,068	19,497	5,367	-	(204)
Utilities	20,625	16,042	4,416	-	(167)
Advertising	2,971	2,311	636	-	(24)
Professional fees	35,189	27,369	7,534	-	(286)
Marketing	64,506	50,171	13,811	-	(524)
Depreciation	33,983	26,431	7,276	-	(276)
Miscellaneous	1,790	1,392	383	-	(15)
WIA program costs	667,696	-	667,696	-	-
Total governmental activities	\$ 3,969,232	\$ 2,567,842	\$ 1,374,576	\$ -	(26,814)
General revenues					
Interest					1,631
Miscellaneous					222
Total general revenues					1,853
Change in net assets					
					(24,961)
Net assets at beginning of year					352,987
Net assets at end of year					\$ 328,026

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	<u>ECIA</u>	<u>WIA</u>	
	General	Special	
	Fund	Revenue	
		Fund	<u>Total</u>
ASSETS			
Cash and investments	\$ 157,856	\$ 54,497	\$ 212,353
Accounts receivable	291,271	-	291,271
Grants receivable	58,012	20,290	78,302
Due from other funds	62,532	2,379	64,911
Prepaid fees and expenses	49,319	-	49,319
Total assets	\$ <u>618,990</u>	\$ <u>77,166</u>	\$ <u>696,156</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Excess of outstanding checks over bank balance	\$ -	\$ 4,353	\$ 4,353
Accounts payable	60,314	7,902	68,216
Accrued liabilities			
Vacation and holiday pay	154,611	-	154,611
Salaries and wages	32,710	-	32,710
Other	59,072	-	59,072
Deferred revenue			
Deferred grant revenue	46,365	-	46,365
Prepaid memberships	11,942	-	11,942
Due to other funds	-	64,911	64,911
Total liabilities	365,014	77,166	442,180
Fund balance - unreserved	<u>253,976</u>	<u>-</u>	<u>253,976</u>
	\$ <u>618,990</u>	\$ <u>77,166</u>	\$ <u>696,156</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**
June 30, 2008

Fund balance - governmental funds	\$	253,976
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balances because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are as follows:

Governmental capital assets	\$	1,341,872	
Governmental accumulated depreciation		<u>(152,690)</u>	1,189,182

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are as follows:

General obligation debt		<u>(1,115,132)</u>
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Total net assets - governmental activities	\$	<u>328,026</u>
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The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**
For the year ended June 30, 2008

	ECIA General Fund	WIA Special Revenue Fund	Total
Revenues			
Federal	\$ 544,914	\$ -	\$ 544,914
State of Illinois	1,290	-	1,290
State of Iowa	80,690	-	80,690
State of Wisconsin	787	-	787
Membership fees	86,338	-	86,338
Fees and assessments	333,136	-	333,136
Economic Development Set-Aside and CDBG grant administration	250,474	-	250,474
Agency service billings			
ECIA Business Growth	260,097	-	260,097
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,195,325	-	1,195,325
Workforce Investment Act (WIA) grants	401,796	667,696	1,069,492
Regional Transit Authority	442,472	-	442,472
Interest	1,631	-	1,631
Miscellaneous	222	-	222
Total revenues	3,599,172	667,696	4,266,868
Expenditures			
Salaries, wages and fringe benefits	2,982,886	-	2,982,886
Office supplies	38,207	-	38,207
Operating materials	318	-	318
Conferences and training	13,959	-	13,959
Business travel	101,196	-	101,196
Printing	10,874	-	10,874
Equipment rental and maintenance	15,559	-	15,559
Office maintenance	222	-	222
Insurance and bonding	67,192	-	67,192
Dues and subscriptions	15,084	-	15,084
Telephone	29,648	-	29,648
Postage	41,607	-	41,607
Rent	117,010	-	117,010
Property taxes	25,680	-	25,680
Utilities	20,713	-	20,713
Advertising	3,061	-	3,061
Professional fees	38,057	-	38,057
Marketing	64,506	-	64,506
Equipment purchases	1,167,209	-	1,167,209
Long-term debt principal	14,715	-	14,715
Miscellaneous	1,790	-	1,790
Program and administrative costs	-	667,696	667,696
Total expenditures	4,769,493	667,696	5,437,189
Excess of revenues over expenditures	\$ (1,170,321)	\$ -	\$ (1,170,321)

Continued on next page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CONTINUED**
For the year ended June 30, 2008

	<u>ECIA</u> <u>General</u> <u>Fund</u>	<u>WIA</u> <u>Special Revenue</u> <u>Fund</u>	<u>Total</u>
Other financing sources			
Proceeds from sale of fixed assets	\$ -	\$ -	\$ -
Proceeds from long-term borrowing	<u>1,103,095</u>	<u>-</u>	<u>1,103,095</u>
Total other financing sources	1,103,095	-	1,103,095
 Excess of revenues and other financing source over expenditures	 (67,226)	 -	 (67,226)
 Fund balance at beginning of year	 <u>321,202</u>	 <u>-</u>	 <u>321,202</u>
Fund balance at end of year	\$ <u><u>253,976</u></u>	\$ <u><u>-</u></u>	\$ <u><u>253,976</u></u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association

Dubuque, Iowa

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2008

Net change in fund balances - total governmental funds \$ (67,226)

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost - accumulated depreciation) are recorded as losses on disposition of fixed assets.

Capital outlay reported in governmental fund statements

\$ 1,167,209

Depreciation expense reported in the statement of activities

(36,564)

Amount by which capital outlays are greater than depreciation in the current period are:

1,130,645

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:

(1,103,095)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:

14,715

Change in net assets - governmental activities

\$ (24,961)

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association

Dubuque, Iowa

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

East Central Intergovernmental Association is organized pursuant to the provisions of Chapters 473A and 28E of the Code of Iowa as a regional planning organization designed to assist local governments in cooperating with one another. The East Central Intergovernmental Association consists of a council of thirty locally elected and appointed officials from the counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. This council, along with ECIA staff, seeks to coordinate relationships among local municipalities, improve communications with federal and state governments and to provide planning and programming assistance.

For financial reporting purposes, the Association has included all of its funds, organizations, agencies, and boards. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Association. The financial statements presented herein do not include E.C.I.A. Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

The financial statements of the Association consist of the following operations: East Central Intergovernmental Association (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by the East Central Intergovernmental Association).

2. Basis of Presentation

Association-wide Statements - The statement of net assets and the statement of activities present financial information about the Association's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Association has no business-type activities or fiduciary funds. However, such activities or funds would be included in these financial statements if they existed.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Association-wide Statements - Continued - The statement of activities presents a comparison between direct/indirect expenses and revenues for each program of the Association's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular program/grant. Indirect expenses are common entity-wide expenses allocated to programs based on direct labor costs. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the Association's funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary, as applicable -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, as applicable with each displayed in a separate column. All remaining governmental and enterprise funds, as applicable are aggregated and reported as non-major funds. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Association reports the following major governmental funds:

General fund - This is the Association's primary operating fund. All financial activity not required to be accounted for in another fund is accounted for in the general fund.

Special revenue fund - This fund accounts for activities associated with providing job training and retraining programs. Revenue sources consist entirely of grants received from the federal government.

3. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Proceeds of general long-term debt and fixed asset acquisitions made under capital leases are reported as other financing sources. Under the terms of grant agreements, the Association may fund certain programs by a combination of specific cost-reimbursement grants, service fees, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

4. Budgets

The Association, although not legally required to do so, annually adopts a budget on a basis consistent with accounting principles generally accepted in the United States of America. A budget is adopted for the general fund and special revenue fund annually and is amended upon board approval. Appropriations lapse at fiscal year end. The adopted budget and budgetary expenditure control is exercised at the expenditure type level (salaries, rent, etc.).

5. Cash and Investments

The Association's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. The Association's investment policy permits investment of available cash balances in time deposits at any bank or credit union in the State of Iowa, U.S. Treasury obligations, U.S. agency issues and certain repurchase agreements. All investments are stated at fair market value.

6. Receivables

Any amounts reported on the statement of net assets for due to and due from other funds represent amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets are reported at actual cost if available. Estimated cost is used when actual cost is not determinable. Donated assets are reported at estimated fair market value on the date received. Repairs and maintenance are recorded as expenditures; replacements and betterments that extend an asset's life by greater than one year are capitalized.

8. Depreciation

The Association provides for depreciation of equipment and leasehold improvements using annual rates that are sufficient to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method of depreciation. For the year ended June 30, 2008, depreciation expense was \$36,564.

Interest incurred during the construction of capital assets is included as a part of the capitalized value of assets constructed. During the year, \$23,939 was capitalized as part of the cost of assets under construction.

Estimated useful lives are as follows:

Computer equipment	1-3 years
Furniture and equipment	3-10 years
Vehicles	3 years

9. Retirement Plans

Association employees participate in the Iowa Public Employees Retirement System (IPERS). All contributions made by the Association on behalf of its employees are reported as expenditures when earned.

10. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures, as appropriate. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund that is reimbursed.

11. Memorandum Only - Total Columns

Total columns on the governmental fund financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences between recording expenditures for the purchase of fixed assets in the governmental fund statements and capitalizing fixed assets in the Statement of Net Assets and recording depreciation expense on all fixed assets in the Statement of Activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease in liabilities, as applicable, in the Statement of Net Assets, and interest expense is recorded in the statement of activities as incurred.
- d. Inter-fund transactions are differences that arise because governmental funds include billings for services provided by the Association's general fund to the special revenue fund. These inter-fund transactions are eliminated on the Statement of Activities.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS - CONTINUED

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Inter-fund Transactions	Statement of Activities Total
Revenues and other source						
Federal	\$ 544,914	\$ -	\$ -	\$ -	\$ -	\$ 544,914
State of Illinois	1,290	-	-	-	-	1,290
State of Iowa	80,690	-	-	-	-	80,690
State of Wisconsin	787	-	-	-	-	787
Membership fees	86,338	-	-	-	-	86,338
Fees and assessments	333,136	-	-	-	-	333,136
Economic Development Set-Aside and CDBG grant administration	250,474	-	-	-	-	250,474
Agency service billings						
ECIA Business Growth	260,097	-	-	-	-	260,097
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,195,325	-	-	-	-	1,195,325
Workforce Investment Act	1,069,492	-	-	-	(322,597)	746,895
Regional Transit Authority	442,472	-	-	-	-	442,472
Interest	1,631	-	-	-	-	1,631
Miscellaneous	222	-	-	-	-	222
Proceeds from long-term borrowing	1,103,095	-	-	(1,103,095)	-	-
Total revenues	5,369,963	-	-	(1,103,095)	(322,597)	3,944,271
Expenditures						
Salaries, wages and fringe benefits	2,982,886	-	-	-	(255,795)	2,727,091
Office supplies	38,207	-	-	-	(3,567)	34,640
Operating materials	318	-	-	-	(159)	159
Conferences and training	13,959	-	-	-	(669)	13,290
Business travel	101,196	-	-	-	(19,888)	81,308
Printing	10,874	-	-	-	(1,637)	9,237
Equipment rental and maintenance	15,559	-	-	-	(10,361)	5,198
Office maintenance	222	-	-	-	(27)	195
Insurance and bonding	67,192	-	-	-	(5,079)	62,113
Dues and subscriptions	15,084	-	-	-	(2,652)	12,432
Telephone	29,648	-	-	-	(1,209)	28,439
Postage	41,607	-	-	-	(3,657)	37,950
Rent	117,010	-	-	-	(11,658)	105,352
Property taxes	25,680	-	-	-	(612)	25,068
Utilities	20,713	-	-	-	(88)	20,625
Advertising	3,061	-	-	-	(90)	2,971
Professional fees	38,057	-	-	-	(2,868)	35,189
Marketing	64,506	-	-	-	-	64,506
Depreciation	-	-	36,564	-	(2,581)	33,983
Equipment purchases	1,167,209	-	(1,167,209)	-	-	-
Long-term debt principal	14,715	-	-	(14,715)	-	-
Miscellaneous	1,790	-	-	-	-	1,790
WIA program costs	667,696	-	-	-	-	667,696
Total expenditures	5,437,189	-	(1,130,645)	(14,715)	(322,597)	3,969,232
Net change for the year	\$ (67,226)	\$ -	\$ 1,130,645	\$ (1,088,380)	\$ -	\$ (24,961)

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE C - CASH DEPOSITS

Cash and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Statement of Net assets	
Cash and investments	\$ 212,354
Excess of outstanding	
cash over bank balance	(4,353)
Net assets and investments	\$ <u>208,001</u>

Cash and investments as of June 30, 2008 consist of the following:

	Carrying Amount	Bank Balance
Petty cash	\$ 75	\$ -
Investment checking/savings and money market accounts	207,926	411,258
	\$ <u>208,001</u>	\$ <u>411,258</u>

Investments Authorized by the Association's Investment Policy

The Association is required to invest its funds in accordance with Iowa Statutes. The Association may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Association's investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Association limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Association also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Association minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Association will do business.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE C - CASH DEPOSITS - CONTINUED

Concentration of Credit Risk

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Association diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the government's deposits might not be recovered. The Association's deposits at June 30, 2008 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Association or the Association's agent in the Association's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Association does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE D - ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2008, the Association had the following accounts and grants receivable outstanding:

Accounts Receivable

Eastern Iowa Regional Housing Authority	\$ 84,882
E.I.R.U.S.S	9,751
Local contract charges	125,941
E.C.I.A. Business Growth, Inc.	42,097
Regional Transit Authority	28,332
Other	<u>268</u>
Total	<u>\$ 291,271</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE D - ACCOUNTS AND GRANTS RECEIVABLE - CONTINUED

Grants Receivable - ECIA

Upper Explorerland RPC	\$	972
Iowa DOT - FHWA planning		23,264
Iowa DOT - MPO		20,304
EDA Grant		<u>13,472</u>
		58,012

Grants Receivable - WIA

WIA Grants		<u>20,290</u>
Total	\$	<u><u>78,302</u></u>

NOTE E - PENSION AND RETIREMENT BENEFITS

The Association contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the Association is required to contribute 6.05% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Association's contribution to IPERS for the year ended June 30, 2008 of \$134,914 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2007 and 2006 were \$124,125 and \$104,369, respectively, equal to the required contributions for those years.

NOTE F - COMPENSATED ABSENCES

Association employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours accumulate for subsequent use and are not recognized as expenditures by the Association until used. The Association's approximate liability for unrecognized accrued employee benefits at June 30, 2008 is as follows:

Sick leave	\$	<u>383,008</u>
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Sick leave is accumulated at a rate of one day per month to a maximum accumulation of 100 days. Use of sick leave is available only to employees of record. There is no payoff of unused accumulated sick leave upon termination.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE G - OPERATING LEASE COMMITMENTS

The Association leases shared office space in Manchester, Iowa under a month to month lease. The Association is required to make monthly payments of \$475.

The Association also subleases additional office space in Dubuque from the Iowa Workforce Development Department on a month to month basis. The Association is required to make monthly payments of \$1,604. The Association will discontinue its monthly lease as of November 30, 2008 and relocate to a new office.

The Association has signed a lease to rent office space in Dubuque from December 1, 2008 to November 30, 2013. The lease requires monthly payments of \$2,053.33.

Future minimum lease payments are as follows:

June 30, 2009	\$	14,373
2010		24,640
2011		24,640
2012		24,640
2013		24,640
2014		10,267
	\$	<u>123,200</u>

NOTE H - FIXED ASSETS

A summary of changes in property and equipment comprising general fixed assets is as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Land	\$ -	\$ 383,506	\$ -	\$ 383,506
Leasehold improvements	10,299	-	-	10,299
Equipment and furniture	182,524	20,583	18,160	184,947
Construction in process	-	763,120	-	763,120
Subtotal	<u>192,823</u>	<u>1,167,209</u>	<u>18,160</u>	<u>1,341,872</u>
Accumulated depreciation				
Leasehold improvements	8,044	2,255	-	10,299
Equipment and furniture	126,242	34,309	18,160	142,391
Accumulated depreciation	<u>134,286</u>	<u>36,564</u>	<u>18,160</u>	<u>152,690</u>
Total	<u>\$ 58,537</u>	<u>\$ 1,130,645</u>	<u>\$ -</u>	<u>\$ 1,189,182</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE H - FIXED ASSETS - CONTINUED

The Association has an active construction project at June 30, 2008 for its building project. At June 30, 2008 the Association's commitments with contractors are as follows:

Original commitment	\$1,882,232
Amount paid through June 30, 2008	<u>1,519,341</u>
Remaining balance	<u>\$ 362,891</u>

\$297,296 of the remaining commitment will be paid by the Association and \$65,595 will be paid by the Regional Transit Authority.

NOTE I - GENERAL LONG-TERM DEBT

Long-term debt transactions for the year ended June 30, 2008 are as follows:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Notes payable	<u>\$ 26,752</u>	<u>\$ 1,103,095</u>	<u>\$ 14,715</u>	<u>\$ 1,115,132</u>

Long-term debt at June 30, 2008 is comprised of the following:

<u>Description</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
\$17,449 commercial loan from East Dubuque Savings Bank dated July 1, 2005 and due in monthly installments of \$521.50, including interest at 4.74% per annum until July 1, 2008.	\$ 520	\$ 520
\$16,754 commercial loan from Dubuque Bank and Trust dated June 20, 2007 and due in monthly installments of \$512, including interest at 6.20% per annum until June 20, 2010.	11,517	5,587
\$1,400,000 Economic Development Revenue Note, Series 2007 dated October 5, 2007 and due in monthly installments of \$8,565 beginning the first month after the final draw is taken on the note, including interest at 5.20% per annum until October 1, 2032. Interest only payments are being made as of June 30, 2008 and the Association has received advances of \$1,103,095 as of June 30, 2008.	<u>1,103,095</u>	<u>27,072</u>
Total	<u>\$ 1,115,132</u>	<u>\$ 33,179</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008

NOTE I - GENERAL LONG-TERM DEBT -CONTINUED

The annual requirements needed to amortize the long-term debt of the Association as of June 30, 2008, are as follows:

Year ended June 30,	Principal	Interest	Total
2009	\$ 33,179	\$ 53,193	\$ 86,372
2010	30,255	55,580	85,835
2011	25,620	54,084	79,704
2012	26,985	52,719	79,704
2013	28,422	51,282	79,704
2014-2018	166,493	32,027	398,520
2019-2023	215,809	182,711	398,520
2024-2028	279,731	118,789	398,520
2029-2033	308,638	36,740	345,378
	<u>\$ 1,115,132</u>	<u>\$ 837,125</u>	<u>\$ 1,952,257</u>

NOTE J - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following expenditures had an excess of actual expenditures over budget for the year ended June 30, 2008:

General Fund

Salaries, wages and fringe benefits	\$43,610
Operating materials	318
Conferences and training	959
Business travel	12,466
Equipment rental and maintenance	9,159
Office maintenance	222
Telephone	1,648
Postage	3,007
Property taxes	1,680
Utilities	1,113
Advertising	61

Workforce Investment Act

Administrative expenses	16,737
Program costs	959

NOTE K - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
Revenues				
Federal	\$ 557,204	\$ 547,368	\$ 544,914	\$ (2,454)
State of Illinois	1,290	1,290	1,290	-
State of Iowa	9,375	8,824	80,690	71,866
State of Wisconsin	787	787	787	-
Membership fees	86,300	86,338	86,338	-
Fees and assessments	425,344	359,578	333,136	(26,442)
Economic Development Set-Aside and CDBG grant administration	341,854	336,481	250,474	(86,007)
Agency service billings				
ECIA Business Growth	245,972	245,753	260,097	14,344
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,171,887	1,244,078	1,195,325	(48,753)
Workforce Investment Act	361,675	378,630	401,796	23,166
Regional Transit Authority	446,685	448,529	442,472	(6,057)
Interest	2,500	1,621	1,631	10
Miscellaneous	-	-	222	222
Total revenues	3,650,873	3,659,277	3,599,172	(60,105)
Expenditures				
Salaries, wages and fringe benefits	2,955,042	2,939,276	2,982,886	(43,610)
Office supplies	40,000	44,000	38,207	5,793
Operating materials	-	-	318	(318)
Conferences and training	18,000	13,000	13,959	(959)
Business travel	80,000	88,730	101,196	(12,466)
Printing	6,500	12,000	10,874	1,126
Equipment rental and maintenance	11,000	6,400	15,559	(9,159)
Office maintenance	-	-	222	(222)
Insurance and bonding	64,000	68,000	67,192	808
Dues and subscriptions	16,000	19,000	15,084	3,916
Telephone	25,000	28,000	29,648	(1,648)
Postage	37,000	38,600	41,607	(3,007)
Rent	119,700	119,700	117,010	2,690
Property taxes	24,000	24,000	25,680	(1,680)
Utilities	24,000	19,600	20,713	(1,113)
Advertising	2,500	3,000	3,061	(61)
Professional fees	65,000	46,000	38,057	7,943
Marketing	60,000	66,029	64,506	1,523
Equipment purchases	25,000	1,430,948	1,167,209	263,739
Long-term debt principal	15,000	16,313	14,715	1,598
Miscellaneous	30,000	20,000	1,790	18,210
Total expenditures	3,617,742	5,002,596	4,769,493	233,103
Excess of revenues over expenditures	33,131	(1,343,319)	(1,170,321)	172,998

Continued on next page.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
For the year ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Other income				
Proceeds of long-term borrowing	\$ <u>-</u>	\$ <u>1,400,000</u>	\$ <u>1,103,095</u>	\$ <u>(296,905)</u>
	<u>-</u>	<u>1,400,000</u>	<u>1,103,095</u>	<u>(296,905)</u>
 Excess of revenues and other income over (under) expenditures	 33,131	 56,681	 (67,226)	 (123,907)
 Fund balance at beginning of year	 321,202	 321,202	 321,202	 -
 Fund balance at end of year	 \$ <u>354,333</u>	 \$ <u>377,883</u>	 \$ <u>253,976</u>	 \$ <u>(123,907)</u>

East Central Intergovernmental Association
Dubuque, Iowa

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - GENERAL FUND**
For the Year Ended June 30, 2008

		30	40	45	50	55	65
	Totals	FHWA and Section 8 Transportation	General Technical Assistance	ECIA Business Growth	Economic Development Grant	EIHRA	Tax Credit Housing Programs
REVENUES							
Federal	\$ 544,914	\$ 132,682	\$ -	\$ -	\$ 83,362	\$ -	\$ -
State of Illinois	1,290	1,290	-	-	-	-	-
State of Iowa	80,690	-	-	-	80,690	-	-
State of Wisconsin	787	787	-	-	-	-	-
Membership fees	86,338	16,146	-	-	50,442	-	-
Fees and assessments	333,136	52,162	110,947	-	59,256	-	18,315
Economic Development Set-Aside and CDBG grant administration	250,474	-	-	-	-	-	-
Agency service billings							
ECIA Business Growth	260,097	-	-	260,097	-	-	-
EIHRA/EIRHC	1,195,325	-	-	-	-	1,188,982	6,343
WIA and related programs	401,796	-	-	-	-	-	-
Regional Transit Authority	442,472	-	-	-	-	-	-
Interest	1,631	-	-	-	-	-	-
Miscellaneous	222	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	-	-
Proceeds from long-term borrowing	1,103,095	-	-	-	-	-	-
Total revenues	4,702,267	203,067	110,947	260,097	273,750	1,188,982	24,658
EXPENDITURES							
Salaries, wages and fringe benefits	2,982,886	163,479	106,203	213,676	182,732	1,030,225	23,269
Office supplies	38,207	2,867	1,278	2,816	2,211	11,721	113
Operating materials	318	-	-	-	-	-	-
Conferences and training	13,959	2,601	728	4,391	2,093	490	8
Business travel	101,196	8,575	7,223	9,909	4,335	8,193	(13)
Printing	10,874	1,572	247	598	471	2,785	29
Equipment rental and maintenance	15,559	755	124	234	220	1,314	24
Office maintenance	222	12	8	13	13	76	1
Insurance and bonding	67,192	1,750	1,983	2,436	1,440	31,973	148
Dues and subscriptions	15,084	596	780	2,646	1,437	3,462	61
Telephone	29,648	1,671	1,003	2,409	2,402	10,133	20
Postage	41,607	1,571	646	1,893	959	24,342	146
Rent	117,010	7,314	4,790	8,678	8,258	29,472	359
Property taxes	25,680	2,000	1,315	2,344	2,234	7,943	95
Utilities	20,713	1,677	1,086	1,958	1,861	6,615	79
Advertising	3,061	374	37	220	65	693	4
Professional fees	38,057	1,759	1,286	2,479	2,154	12,350	158
Marketing	64,506	-	-	-	64,506	-	-
Depreciation	36,564	4,494	933	3,397	2,022	7,195	157
Equipment purchases	1,167,209	-	-	-	-	-	-
Long-term debt principal	14,715	-	-	-	-	-	-
Miscellaneous	1,790	-	-	-	-	-	-
Total expenditures	4,806,057	203,067	129,670	260,097	279,413	1,188,982	24,658
Excess of revenues over (under) expenditures	\$ (103,790)	\$ -	\$ (18,723)	\$ -	\$ (5,663)	\$ -	\$ -

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East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - GENERAL FUND - CONTINUED
For the Year Ended June 30, 2008

	75	80	85	90	100	110	115	200	300	400
	Promise Jobs	Regional Transit RPA/STP	CDBG Admini- stration	General	WIA	WIA Regency NEG	Tri-State Youth Offender	Economic Development Set-Aside	Eastern Iowa Utility Service Systems	Regional Transit Authority
REVENUES										
Federal	\$ 239,331	\$ 89,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Illinois	-	-	-	-	-	-	-	-	-	-
State of Iowa	-	-	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-	-
Membership fees	-	19,750	-	-	-	-	-	-	-	-
Fees and assessments	-	17,375	-	-	-	-	-	-	75,081	-
Economic Development Set-Aside and CDBG grant administration	-	-	231,649	-	-	-	-	18,825	-	-
Agency service billings										
ECIA Business Growth	-	-	-	-	-	-	-	-	-	-
EIHRA/EIRHC	-	-	-	-	-	-	-	-	-	-
Workforce Investment Act	-	-	-	-	322,597	63,670	15,529	-	-	-
Regional Transit Authority	-	-	-	-	-	-	-	-	-	442,472
Interest	-	-	-	1,631	-	-	-	-	-	-
Miscellaneous	-	-	-	222	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	1,103,095	-	-	-	-	-	-
Total revenues	239,331	126,664	231,649	1,104,948	322,597	63,670	15,529	18,825	75,081	442,472
EXPENDITURES										
Salaries, wages and fringe benefits	197,898	102,575	183,512	-	255,795	54,890	12,773	16,750	64,201	374,908
Office supplies	2,928	2,296	3,083	-	3,567	413	81	106	715	4,012
Operating materials	159	-	-	-	159	-	-	-	-	-
Conferences and training	466	1,271	85	702	669	233	2	9	31	180
Business travel	14,648	3,507	10,943	-	19,888	3,231	951	238	1,037	8,531
Printing	601	273	515	-	1,637	152	636	38	196	1,124
Equipment rental and maintenance	396	685	228	-	10,361	68	16	18	73	1,043
Office maintenance	10	11	12	-	27	3	3	3	4	26
Insurance and bonding	1,968	1,373	5,925	-	5,079	714	116	141	466	11,680
Dues and subscriptions	695	279	751	-	2,652	177	15	20	217	1,296
Telephone	1,455	1,549	3,274	-	1,209	151	52	20	1,334	2,966
Postage	2,443	847	2,456	-	3,657	187	48	48	375	1,989
Rent	11,274	4,684	8,384	-	11,658	2,441	547	765	2,958	15,428
Property taxes	378	1,253	2,254	-	612	68	-	206	799	4,179
Utilities	84	1,041	1,881	-	88	22	-	167	662	3,492
Advertising	79	404	92	-	90	20	3	5	200	775
Professional fees	2,002	1,181	2,766	-	2,868	543	132	185	1,175	7,019
Marketing	-	-	-	-	-	-	-	-	-	-
Depreciation	1,847	3,635	5,488	-	2,581	357	154	106	638	3,560
Equipment purchases	-	-	-	1,167,209	-	-	-	-	-	-
Long-term debt principal	-	-	-	14,715	-	-	-	-	-	-
Miscellaneous	-	-	-	1,790	-	-	-	-	-	-
Total expenditures	239,331	126,864	231,649	1,184,416	322,597	63,670	15,529	18,825	75,081	442,208
Excess of revenues over (under) expenditures	\$ -	\$ (200)	\$ -	\$ (79,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264

Continued from previous page.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES
AND COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND
For the Year Ended June 30, 2008

	30 FHWA and FTA Section 8 Transportation 05MPO-ECIA	80 Regional Transit RPA 05RPA-08
REVENUES		
Federal - EDA	\$ -	\$ -
Federal - Planning	132,682	89,539
Federal - Technical Assistance	-	-
State of Illinois - Planning	1,290	-
State of Iowa - Planning	-	-
State of Iowa - Other	-	-
State of Wisconsin	787	-
Membership fees	16,146	19,750
Fees and assessments	52,162	17,375
Total revenues	<u>203,067</u>	<u>126,664</u>
EXPENDITURES		
Salaries, wages and fringe benefits	163,479	102,575
Office supplies	2,867	2,296
Conferences and training	2,601	1,271
Business travel	8,575	3,507
Printing	1,572	273
Equipment rental and maintenance	755	685
Office maintenance	12	11
Insurance and bonding	1,750	1,373
Dues and subscriptions	596	279
Telephone	1,671	1,549
Postage	1,571	847
Rent	7,314	4,684
Property taxes	2,000	1,253
Utilities	1,677	1,041
Advertising	374	404
Professional fees	1,759	1,181
Marketing	-	-
Depreciation	4,494	3,635
Total expenditures	<u>203,067</u>	<u>126,864</u>
Less expenses related to Marketing Grant	<u>-</u>	<u>-</u>
Expense basis for computation of federal and/or state participation in project cost	203,067	126,864
Federal or state participation percentage	<u>80%</u>	<u>80%</u>
Computed project grant earned	\$ <u>162,453</u>	\$ <u>101,491</u>
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:	\$ <u>132,682</u>	\$ <u>89,539</u>
Therefore, the grants earned equal:	\$ <u>132,682</u>	\$ <u>89,539</u>

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES
AND COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND -
CONTINUED
For the Year Ended June 30, 2008

50

	United States Department of Commerce								
	Economic Development Planning Grant								
	05-83-04375			05-83-04375-01		EDA	Buyer-Supplier	Collaborative	Total
	Prior Audit	Current Year	Total	Current Year	Total	Technical	Marketing	Marketing	Economic
	1/1-6/30/07	7/1-12/31/07	1/1-12/31/07	1/1-6/30/08	Fiscal Year	Assistance			Development
REVENUES									
Federal - EDA	\$ 28,109	\$ 23,891	\$ 52,000	\$ 36,180	\$ 60,071	\$ -	\$ -	-	\$ 60,071
Federal - Planning	-	-	-	-	-	-	-	-	-
Federal - Technical Assistance	-	-	-	-	-	23,291	-	-	23,291
State of Illinois - Planning	-	-	-	-	-	-	-	-	-
State of Iowa - Planning	-	5,000	5,000	3,824	8,824	-	-	-	8,824
State of Iowa - Other	92,134	-	92,134	4,000	4,000	-	42,866	25,000	71,866
State of Wisconsin - Planning	-	-	-	-	-	-	-	-	-
Membership fees	29,856	-	29,856	50,442	50,442	-	-	-	50,442
Fees and assessments	2,499	18,089	20,588	3,514	21,603	-	12,266	25,387	59,256
Total revenues	152,598	46,980	199,578	97,960	144,940	23,291	55,132	50,387	273,750
EXPENDITURES									
Salaries, wages and fringe benefits	75,238	53,826	129,064	52,060	105,886	5,542	31,608	39,696	182,732
Office supplies	858	1,390	2,248	821	2,211	-	-	-	2,211
Conferences and training	3,674	2,066	5,740	27	2,093	-	-	-	2,093
Business travel	4,036	2,451	6,487	1,884	4,335	-	-	-	4,335
Printing	165	254	419	217	471	-	-	-	471
Equipment rental and maintenance	193	106	299	114	220	-	-	-	220
Office maintenance	-	-	-	13	13	-	-	-	13
Insurance and bonding	535	636	1,171	804	1,440	-	-	-	1,440
Dues and subscriptions	712	700	1,412	737	1,437	-	-	-	1,437
Telephone	1,004	1,078	2,082	1,324	2,402	-	-	-	2,402
Postage	355	644	999	315	959	-	-	-	959
Rent	3,084	3,832	6,916	4,426	8,258	-	-	-	8,258
Property taxes	1,228	1,068	2,296	1,166	2,234	-	-	-	2,234
Utilities	792	919	1,711	942	1,861	-	-	-	1,861
Advertising	10	47	57	18	65	-	-	-	65
Professional fees	1,411	1,113	2,524	1,041	2,154	-	-	-	2,154
Marketing	58,405	-	58,405	7,001	7,001	23,291	23,524	10,690	64,506
Depreciation	898	1,112	2,010	910	2,022	-	-	-	2,022
Total expenditures	152,598	71,242	223,840	73,820	145,062	28,833	55,132	50,386	279,413
Add qualifying matching grants and revenues	-	-	-	-	-	55,132	10,000	-	-
Less expenses related to Marketing Grant	85,918	-	85,918	-	-	-	-	-	-
Expense basis for computation of federal and/or state participation in project cost	66,680	71,242	137,922	73,820	145,062	83,965	65,132	50,386	
Federal or state participation percentage	50%	50%	50%	50%	50%	31%	67%	67%	
Computed project grant earned	\$ 33,340	\$ 35,621	\$ 68,961	\$ 36,910	\$ 72,530	\$ 25,668	\$ 43,638	\$ 33,759	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:	\$ 28,109	\$ 23,891	\$ 52,000	\$ 36,180	\$ 60,071	\$ 23,291	\$ 42,866	\$ 25,000	
Therefore, the grants earned equal:	\$ 28,109	\$ 23,891	\$ 52,000	\$ 36,180	\$ 60,071	\$ 23,291	\$ 42,866	\$ 25,000	

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WORKFORCE INVESTMENT ACT (WIA)
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Revenues				
Workforce Investment Act (WIA) grants	\$ <u>600,000</u>	\$ <u>650,000</u>	\$ <u>667,696</u>	\$ <u>17,696</u>
Total revenues	600,000	650,000	667,696	17,696
Expenditures				
Administrative expenses	44,153	44,153	60,890	(16,737)
Program costs	<u>555,847</u>	<u>605,847</u>	<u>606,806</u>	<u>(959)</u>
Total expenditures	<u>600,000</u>	<u>650,000</u>	<u>667,696</u>	<u>(17,696)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET - BY CONTRACT -
WORKFORCE INVESTMENT ACT (WIA)
June 30, 2008

Pass-through Entity:	Upper Explorerland Regional Planning Commission								Iowa Workforce Development	
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement								8-W-FR- P6-0-01	
Contract Period:	July 1, 2007 through June 30, 2008									
Program:	Admini- stration	Youth Offender Expansion	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Adult Incentive Formula	DLW Incentive Formula	Regency National Emergency	Totals
Assets										
Cash	\$ -	\$ -	\$ 19,884	\$ 6,773	\$ 11,546	\$ 11,384	\$ -	\$ -	\$ 4,910	\$ 54,497
Grants receivable	445	16,961	-	1,461	-	1,326	-	97	-	20,290
Due from other funds	2,379	-	-	-	-	-	-	-	-	2,379
	<u>\$ 2,824</u>	<u>\$ 16,961</u>	<u>\$ 19,884</u>	<u>\$ 8,234</u>	<u>\$ 11,546</u>	<u>\$ 12,710</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 4,910</u>	<u>\$ 77,166</u>
Liabilities and Fund Balance										
Accounts payable	\$ -	\$ -	\$ 6,478	\$ -	\$ 1,184	\$ -	\$ -	\$ -	\$ 240	\$ 7,902
Due to other funds	-	15,529	13,406	8,234	10,362	12,710	-	-	4,670	64,911
Excess of outstanding checks over bank balance	2,824	1,432	-	-	-	-	-	97	-	4,353
Total liabilities	2,824	16,961	19,884	8,234	11,546	12,710	-	97	4,910	77,166
Fund balance	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,824</u>	<u>\$ 16,961</u>	<u>\$ 19,884</u>	<u>\$ 8,234</u>	<u>\$ 11,546</u>	<u>\$ 12,710</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 4,910</u>	<u>\$ 77,166</u>

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA)
For the year ended June 30, 2008

Pass-through Entity:	Upper Explorerland Regional Planning Commission								Iowa Workforce Devopment	
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement								8-W-FR- P6-0-01	
Contract Period:	July 1, 2007 through June 30, 2008									
Program:	Admini- stration	Youth Offender Expansion	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Adult Incentive Formula	DLW Incentive Formula	Regency National Emergency	Totals
Revenues										
Grants	\$ 44,153	\$ 16,961	\$ 103,121	\$ 62,317	\$ 78,061	\$ 145,326	\$ 44,000	\$ 10,997	\$ 162,760	\$ 667,696
Expenditures										
Administration	44,153	-	-	-	-	-	-	-	16,737	60,890
Training related and support services	-	1,107	15,986	4,193	3,649	26,774	-	-	11,540	63,249
Direct training services	-	15,854	87,135	58,124	74,412	118,552	44,000	10,997	134,483	543,557
Total expenditures	44,153	16,961	103,121	62,317	78,061	145,326	44,000	10,997	162,760	667,696
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Central Intergovernmental Association

Dubuque, Iowa

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended June 30, 2008

Grantor/Program	Federal CDFA Number	Agency or Pass-Through Grantor's Number	Accrual Basis Program Disbursements
Direct			
United States Department of Commerce			
EDA Planning Grant	11.302	05-83-04375	\$ 23,891
		05-83-04375-01	36,180
			<u>60,071</u>
Local Technical Assistance	11.303	05-06-04472	<u>23,291</u>
Total United States Department of Commerce			83,362
Indirect:			
United States Department of Health and Human Services			
Passed through Upper Explorerland Regional Planning Commission			
Promise Jobs	93.558	UERPC/ECIA Contract	<u>239,331</u>
Total United States Department of Health and Human Services			239,331
United States Department of Labor			
Passed through the Iowa Workforce Development Regency Thermographers			
National Emergency Grant	17.260	8-W-FR-P6-0-01	162,760
Passed through Upper Explorerland Regional Planning Commission			
Workforce Investment Act Cluster (Major Programs)			
Administration	17.258	UERPC/ECIA Contract	44,153
Adult Formula	17.258	UERPC/ECIA Contract	103,121
Youth Offender Expansion	17.259	UERPC/ECIA Contract	16,961
Youth In School Formula	17.259	UERPC/ECIA Contract	62,317
Youth Out of School Formula	17.259	UERPC/ECIA Contract	78,061
Dislocated Worker Formula	17.260	UERPC/ECIA Contract	<u>145,326</u>
			449,939
Workforce Investment Act Incentive	17.267	UERPC/ECIA Contract	<u>54,997</u>
Total United States Department of Labor			667,696

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the year ended June 30, 2008

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
United States Department of Transportation			
Passed through Iowa Department of Transportation			
FHWA Planning - RPA	20.515	05-RPA-08	\$ 89,539
FHWA - Planning	20.205	08-MPO-ECIA	118,475
Passed through Illinois Depart- ment of Transportation			
FHWA Planning	20.515	IDOT Contract	7,907
Passed through Wisconsin Depart- ment of Transportation			
FHWA Planning	20.515	WisDOT Contract	<u>6,300</u>
Total United States Department of Transportation			<u>222,221</u>
Total Indirect			<u>1,129,248</u>
Total Federal Financial Assistance			\$ <u><u>1,212,610</u></u>

Note: This statement is prepared on the accrual basis of accounting.

Your Business Safety Net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

We have audited the financial statements of the East Central Intergovernmental Association ("the Association") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Internal Control Over Financial Reporting

The management of the Association is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements and compliance, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on its compliance with certain provisions of laws, regulations, contracts and grants, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting and internal control over compliance.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and could not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect on a timely basis misstatements or noncompliance with applicable requirements with certain provisions of laws, regulations, contracts and grants. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not consider any of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board, management and federal and state awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Testred & Temp, S. C.

October 31, 2008

TOSTRUD

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TEMP, S.C.

Certified Public Accountants

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Your Business Safety Net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

Compliance

We have audited the compliance of the East Central Intergovernmental Association ("the Association") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The Association's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the East Central Intergovernmental Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Forstner & Tange, P.C.

October 31, 2008

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Significant deficiency identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency identified considered to be a material weakness?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Noncompliance material to the financial statements?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over financial reporting:

Significant deficiency identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency identified considered to be a material weakness?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133
Section .510(1)? ☐ yes ☒ no

Identification of major federal program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.260	WIA Cluster

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None